

California Department of Corporations

Top 10 Ways to Expedite Franchise Renewal Applications

With the annual franchise renewal application process upon us, the Department of Corporations is providing the following “Top 10 List” of helpful tips designed to assist you with your renewal application and to help us expedite the review process. Our goal is to provide you with suggestions on how to ensure your application is complete and avoid unnecessary delays due to insufficient information. All references to Rules, below, are to Sections of Title 10, California Code of Regulations.

Please Note: Any grossly deficient application (e.g., the filing of a cover letter and a check) will be summarily rejected and the application and check will be returned. Accordingly, the applicant will need to either file another renewal application or (if the renewal period has passed) a new registration application.

When applying to renew a franchise registration, please provide the following with the renewal application prior to the annual expiration date specified in Rule 310.120:

1. A cover letter referencing the Department's file number – also include a discussion of any special risks disclosed in the Uniform Franchise Offering Circular (UFOC), as revised April 25, 1993.
2. The Uniform Franchise Registration Application should be complete, and include all of the following:
 - Entire UFOC with all exhibits including the Franchise Agreement and audited financial statements
 - Application Facing Page
 - Filing fee of \$450, payable to the “California Department of Corporations”
 - Signed and notarized Signature Verification Page
 - Customer Authorization of Disclosure of Financial Records
 - Signed and Notarized Consent to Service of Process (not required for a California corporation)
 - Corporate Acknowledgment
 - Manually Signed Consent by Company's CPA
 - Supplemental Information Page
 - Sales Agent Disclosure Forms (for agents selling in California)
 - Guarantee of Performance (if required)

In addition to filing a paper or hard copy of the renewal application and the above-listed items, an applicant may also wish to submit the applications and items on a CD. All of the documents submitted should be converted to Adobe Acrobat “.pdf” files. This additional submission will expedite the processing of the file into the CalEASI database. The cover letter from the attorney or officer of the Company submitting the file should contain a representation that all of the information contained in the electronic “.pdf” files is identical to the paper documents.

If there are a substantial number of sales agent disclosure forms being submitted with the application, it will also be very helpful if you include and identify two CD versions of each sales agent disclosure form in the electronic “.pdf” forms. The first CD should be labeled “un-redacted” and contain a complete copy of the sales agent disclosure form. The second CD should be labeled “redacted” and contain a copy of the sales agent disclosure form with the sales agent’s personal information deleted (i.e., home address, home telephone number, date of birth and social security number). The cover letter from the attorney or officer of the company submitting the file should contain a representation that all of the information contained in both CD versions of the forms is identical with the exception of the deleted personal information.

3. Remember to underscore any changes to the UFOC or to any other document previously filed. See Rule 310.122.1.
4. Include copies of any advertisement and/or any notice of exemption for web site advertisement (review Rules 310.156 through 310.156.3). The written notice claiming the Internet Ad exemption under Rule 310.156.3 should include a heading to help staff identify the notice, such as:

NOTICE OF EXEMPTION FOR INTERNET ADVERTISEMENT
SECTION 310.156.3 OF
TITLE 10, CALIFORNIA CODE OF REGULATIONS

5. Include negotiated sales statement as required by Rule 310.122.
6. Financial statements must be audited. See Rule 310.111.2. Also, see Commissioner’s Release 15-F (available on the Department’s website) for a discussion of U.S. GAAP.
7. Remember to comply with the “plain English” requirements and special instructions for the UFOC. See Rule 310.114.1.
8. The documents may be signed by an officer or general partner of the franchisor or an individual with a power of attorney if the appropriate resolution is attached.
9. Renewal applications should be filed at the following offices:

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
Telephone: (213) 576-7500

71 Stevenson Street, Suite 2100
San Francisco, CA 94105-2980
Telephone: (415) 972-8559

10. Visit our web site! We would appreciate feedback from you about your application process. Was it handled in a timely manner? Is there additional information you would like available on our web site? Please let us know by completing a Customer Satisfaction Form available on the Department’s web site: www.corp.ca.gov.